Ministry of Finance

2017/18 – 2019/20 SERVICE PLAN

February 2017

For more information on the British Columbia
Ministry of Finance,
see Ministry Contact Information on Page 18 or contact:

Ministry of Finance
PO BOX 9417
STN PROV GOVT
VICTORIA, BC
V8W 9V1

or visit our website at
www.gov.bc.ca/fin

Published by the Ministry of Finance

Minister Accountability Statement

The *Ministry of Finance 2017/18 – 2019/20 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which this plan has been prepared.

I wish to thank the incredibly dedicated staff at the Ministry of Finance. I am proud to work, every day, with such a committed team of professionals.

Honourable Michael de Jong
Minister of Finance
February 16, 2017

Table of Contents

Minister Accountability Statement 3
Purpose of the Ministry 5
Strategic Direction and Context 5
Goals, Objectives, Strategies and Performance Measures 6
Resource Summary 15
Significant IT Projects 17
Appendices 18
Appendix A: Ministry Contact Information and Links to Additional Information 18
B.C. Public Service Agency 20
The Public Sector Employers' Council and Employer Associations 25

Purpose of the Ministry

The Ministry of Finance plays a central role in managing government's fiscal, financial, information management and taxation policies. Key responsibilities of the Ministry include:

- Policy development, regulation and enforcement for specific sectors including gaming, financial services, real estate and information management.
- Developing forecasts of the provincial economy; developing and monitoring government's capital plan and three-year fiscal plan; and managing significant risks and opportunities relating to the plan.
- Oversight for financial, procurement and administrative governance as well as banking, accounting, and risk and debt management services for the broader public service.
- Identifying and collecting amounts owed to the government in relation to statutes the Ministry directly administers, as well as statutes administered by other ministries.
- Leading the cross-government implementation of the Taxpayer Accountability Principles to strengthen accountability, promote cost control and ensure that public sector entities operate in the best interest of taxpayers.
- Performance and financial management audits of ministry, agency and Crown corporation programs and functions to help improve efficiency and ensure governance, management and control systems are operating effectively.
- Operation of the Government House and supervision of the BC Securities Commission, BC Lottery Corporation, Partnerships BC, and Real Estate Council of BC.

Strategic Direction and Context

Strategic Direction

Sound fiscal management is the foundation for continued growth for B.C.'s diverse economy. The Ministry supports Government's commitment to building a strong economy and secure tomorrow for British Columbians. The Ministry will continue to deliver on both government-wide and ministry specific strategic priorities and initiatives as outlined in the *Province of British Columbia Strategic Plan 2016/17-2019/20* and the Minister's Mandate Letter.

Economic Context

The Economic Forecast Council (EFC) expects B.C.'s real GDP to grow by 2.3 per cent in 2017 and 2.2 per cent in 2018. Meanwhile for Canada, the EFC projects national real GDP growth of 1.9 per cent in 2017 and 2.0 per cent in 2018. As such, B.C.'s economic growth is expected to outperform Canada in the coming years. Downside risks to B.C.'s economic outlook include the potential for a slowdown in North American economic activity, ongoing fragility in Europe, slower than anticipated Asian demand (particularly in China), and uncertainty in the outlook for the Canadian dollar.

Goals, Objectives, Strategies and Performance Measures

In general, the Ministry strives to ensure that the Service Plan, and particularly its performance measures and targets, remain consistent in order to provide citizens with a basis for evaluating our performance over time. The majority of the Ministry's goals and objectives remain the same from year-to-year with incremental changes in strategies to reflect progress and further actions toward certain business goals. For example, we have added a strategy referencing the new anti-money laundering program related to the regulation of gaming.

With regards to performance measures, two are being updated in this service plan to more accurately reflect the Ministry's operations. The measure related to the effectiveness of revenue collection programs is being refined in 2017/18 and a new baseline will be established. An update has also been made to the performance measure related to processing Freedom of Information (FOI) requests. The new metric reflects a key attribute of service valued by clients of the FOI system – timeliness.

Two new objectives have been added to reflect oversight of the province's real estate and financial sectors. This includes oversight of the Real Estate Council of BC, a crown corporation responsible for licensing individuals and brokerages engaged in real estate sales.

Goal 1: Sound and transparent management of government finances

Confidence in British Columbia's economy is important for attracting investment and creating jobs. Responsible fiscal policies ensure that the government can maintain and enhance the delivery of key public services and that the costs of public services are not passed on to future generations.

Objective 1.1: Effective management of government's fiscal plan

The government's ability to achieve a sustainable fiscal environment relies on the development and maintenance of a prudent and resilient fiscal plan. The Ministry plays a critical role in overseeing the fiscal plan and works closely with the federal government, provincial ministries and other public sector partners to ensure that government's annual and three-year revenue, and operating and capital expenditure targets are met.

Strategies

- Continuously monitor revenues, spending and debt set out in *Budget 2017* and take corrective action as required to meet targets.
- Ensure effective cash management to minimize borrowing requirements and debt service costs.
- Undertake investor tours to promote and market B.C. as a good place to invest.

- Lead and / or support trade missions as part of B.C.'s international engagement strategy to increase the province's trade presence in key markets and support economic growth in priority sectors as well as Plan objectives.
- Support increased trade and investment with B.C. by issuance and promotion of local currency bonds where strategic and cost effective opportunities arise.
- Manage government's capital plan ensuring strategic investments in infrastructure across the province, including hospitals, roads and schools, reflect the priorities of government.

Performance Measure 1: Provincial Credit Rating

Performance Measure	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Provincial credit rating	triple-A	triple-A	triple-A	triple-A

Data Source: Moody's Investors Service and/or Standard and Poor's (Credit Rating Agencies).

Discussion

This measure is the provincial credit rating determined by independent credit rating agencies. Triple-A is the highest possible rating and it is provided only to those public and private sector organizations that are assessed as borrowers with excellent financial security and pose the lowest risk for investor loss. Organizations with a triple-A credit rating are generally offered the lowest interest rates when borrowing in domestic and international capital markets. British Columbia has benefited significantly from our triple-A credit rating as the lowest-cost borrower among provinces in Canada. This is illustrated by comparing B.C. to similar jurisdictions in Canada who have lower credit ratings and, as such, higher borrowing costs. If B.C. had the same public debt charges as a percentage of revenue and credit rating as these jurisdictions, the province would be paying, on average, an additional $2.23 billion in annual debt service costs. With government's continued focus on prudent fiscal management, it anticipates maintaining its triple-A credit rating.

Performance Measure 2: Budget Surplus

Performance Measure	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Budget surplus	$1,458M surplus	As set out in government's fiscal plan	As set out in government's fiscal plan	As set out in government's fiscal plan

Data Source: *British Columbia Budget and Fiscal Plan.*

Discussion

This measure reflects the Ministry's overall success in implementing the government's fiscal plan. Government will continue to uphold its commitment to deliver a balanced budget in 2017/18 and for future years.

Objective 1.2: Accountable, efficient and transparent financial and program management across government

The Ministry supports accountability and transparency through the public release of financial and program information, and a variety of governance frameworks that apply to ministries and the broader public sector. The successful implementation of effective governance frameworks supports increased value for use of public funds and contributes to public confidence in government.

Strategies

- Ensure appropriate financial and program management, systems and guidance are in place for the broader public service.
- Continue transformation of government's financial management monitoring and reporting processes and systems.
- Continue to leverage existing banking agreements, risk management and insurance services across the broader public sector to reduce costs and improve services.
- Provide advice to the broader public sector on the implementation of Enterprise Risk Management (ERM) frameworks in alignment with government ERM policies and resources.
- Meet statutory reporting requirements and comply with generally accepted accounting principles (GAAP).

Performance Measure 3: Audit Opinion of Public Accounts

Performance Measure	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Audit opinion provided by the Office of the Auditor General	Public Accounts will be in compliance with GAAP	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP

Data Source: Release of the *Public Accounts*.

Discussion

This measure is an indication of government's transparency in accounting for its finances. In preparing the *Public Accounts*, the Ministry strives to provide an open, accurate and fair representation of the government's financial position in accordance with generally accepted accounting principles (GAAP). To validate this position, government seeks an independent audit opinion that offers an objective assessment of its financial reporting.

Goal 2: A strong, competitive and vibrant economy

Objective 2.1: A fair and competitive tax and regulatory environment

A tax system that is perceived by British Columbians to be fair increases their confidence in government. Furthermore, the Province's ability to support a strong economy depends on a tax and regulatory environment that is nationally and internationally competitive. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment.

Strategies

- Support the *BC Jobs Plan* through tax initiatives, fiscal responsibility, and the elimination of red tape in order to foster an environment that encourages economic growth and business success.
- Continue to support the development of a liquefied natural gas industry in the province.
- Ensure financial services and real estate regulatory frameworks are efficient and effective, and protect the public interest.
- Continue to pursue with the federal and other provincial governments the establishment of a Cooperative Capital Markets Regulator for Canada that protects and supports B.C.'s interests and ensures the province's securities industry is not negatively impacted.

Performance Measures 4, 5 and 6: Provincial Income Tax Ranking

Performance Measure	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Provincial ranking of corporate income tax rates	Lowest	Remain in the lowest four	Remain in the lowest four	Remain in the lowest four
Provincial ranking of personal income tax rates for the bottom tax bracket	Second lowest	Remain in the lowest two	Remain in the lowest two	Remain in the lowest two
Provincial ranking of personal income tax rates for the second-from-bottom tax bracket	Lowest	Remain in the lowest two	Remain in the lowest two	Remain in the lowest two

Data Source: Published legislation and budgets from all 10 provinces.

Discussion

The measure of the provincial ranking of corporate income tax rates compares the general corporate income tax rate in B.C., as of March 31 each year, to those of other provinces in Canada. The targets reflect government's commitment to maintaining a competitive tax environment that fosters economic growth by encouraging business investment and promoting a business-friendly environment.

The two measures of the provincial ranking of personal income tax rates provide a comparison of B.C.'s personal income tax rates for the bottom two tax brackets, as of March 31 each year, with those

of the other nine provinces. These targets demonstrate government's commitment to maintaining low tax rates for individuals and families living and working in the province.

Objective 2.2: Responsive, effective and fair revenue, tax and benefit administration that funds provincial programs and services

The Ministry manages revenue in relation to statutes it directly administers, as well as statutes administered by other ministries. These revenues support the provision of important government programs and services such as health care, education, social services and transportation infrastructure for British Columbians. The Ministry is committed to identifying and collecting amounts owed to government in a manner that is fair and respectful to citizens and taxpayers.

Strategies

- Implement technology that fosters better engagement with citizens, provides taxpayers with access to higher quality services and improves compliance and enforcement activities.
- Help individuals and businesses to better understand their financial obligations and to pay the correct amount on time.
- Continue work on the Revenue Transformation Initiative to consolidate government's tax and royalty revenue programs onto government's corporate tax administration system to reduce administration costs and simplify and streamline services for businesses and citizens.
- Collaborate across jurisdictions to help ensure tax revenue owed to the province is identified and received in a timely manner.

Performance Measure 7: Revenue Specific Measure

Performance Measure	2017/18 Target	2018/19 Target	2019/20 Target
Performance measure under development, baseline measure will be established in 2017/18	Establish baseline	TBD	TBD

Discussion

In coming months, as part of the ongoing Revenue Transformation Initiative, the ministry will be developing a new measure to report on the efficacy of the province's revenue collection programs. A baseline will be established in 2017/18 and targets will be set for outgoing years.

Objective 2.3: Public confidence in B.C.'s housing market

A well-regulated real estate market and access to affordable housing are critical to supporting investment and jobs for British Columbians. Significant changes to the *Real Estate Services Act* were made in 2016 to increase oversight of the real estate industry and enhance consumer protection. In addition to legislative changes, to further enhance government's oversight, responsibility for real estate was moved from the Financial Institutions Commission (FICOM) to the newly created Office of the Superintendent of Real Estate. The Ministry manages policy development and regulation for the

real estate sector while the Office of the Superintendent of Real Estate has direct oversight of the Real Estate Council of BC, a crown corporation responsible for licencing individuals and brokerages engaged in real estate sales.

Strategies

- Strengthen consumer protection in B.C.'s real estate market through oversight of real estate licensees as well as unlicensed real estate activity.
- Administer additional property transfer tax, including compliance and enforcement activities.
- Administer the Housing Priority Initiatives Special Account to increase access to affordable housing.
- Support policies that make home ownership increasingly accessible for B.C. families.

Objective 2.4: Public confidence in B.C.'s financial sector

The Ministry has direct oversight of FICOM, a regulatory agency of government that administers six statutes regulating the pension and financial services in B.C. FICOM safeguards confidence and stability in B.C.'s financial sector by ensuring that institutions and pension plans in these sectors remain solvent and by protecting consumers from undue loss and unfair market conduct.

Strategies

- Administer legislation that regulates the province's pensions, financial services and mortgage broker sectors.
- Utilize a risk-based supervisory framework to proactively identify, and intervene to correct, any imprudent or unsafe business practices conducted by regulated pension plans, credit unions, insurance companies, and trust companies.
- Protect consumers of financial services by implementing proactive market conduct strategies, investigating complaints, and taking enforcement action where appropriate.
- Conduct robust assessments of new industry participants, to ensure unsuitable parties do not participate in the regulated markets.
- Collaborate with government, other regulators, and industry partners to implement national and international regulatory best practices and to improve protections for British Columbians.
- Through the Credit Union Deposit Insurance Corporation, administer the deposit insurance fund that safeguards deposits placed with B.C. credit unions.

Goal 3: Confidence in public sector organizations

The Ministry leads and promotes sound governance, accountability and social responsibility to ensure confidence and trust in public programs and services.

Objective 3.1: Government has effective oversight of public sector organizations

Public sector organizations are established by government to serve the public interest and to advance overall public policy objectives. These include Crown corporations, post-secondary institutions, health authorities, school districts, commissions, and councils. Collectively, these organizations manage billions of dollars in assets and liabilities and operate in many sectors of the provincial economy, including transportation, energy and resources, and oversee the delivery of core services such as health care, education, and public utilities. Effective oversight of these organizations is critical to protect taxpayers, ensure strategic alignment with government's priorities and preserve public confidence in the management of public sector programs and services.

Strategies

- Ensure Crown corporations adhere to the fiscal responsibility and transparency guidance outlined in the Taxpayer Accountability Principles.
- Provide policy leadership and advice to ensure public sector organizations are fiscally transparent, deliver effective and efficient programs, and adhere to accountability standards within a principled governance framework.
- Build and maintain a strong corporate governance capacity within government and the broader public sector by providing tools, education and professional development opportunities.
- Continue reviews of designated public sector organizations, ministry programs and Crown corporations.
- Continue to integrate corporate governance and financial management oversight between central agencies and ministries.

Objective 3.2: Public confidence in B.C.'s gaming sector

Commercial and licensed charitable gaming in B.C. is a $3.1 billion a year industry, contributing $1.29 billion annually to government revenue to support health care, local governments and thousands of community organizations.

The Ministry is responsible for the integrity and regulation of gaming, including horse racing, in B.C. This includes regulatory oversight of the BC Lottery Corporation, licensed charitable gaming, and problem gambling programs.

Strategies

- Ensure policies and the regulatory framework for gaming and horse racing in B.C. is fair, appropriate and transparent to support the integrity of gaming and provide a foundation for assessing compliance.

- Align activities and services to reflect current and emerging gaming sector trends, and focus resources on business priorities, and areas of opportunity and greatest risk.
- Implement initiatives to enhance government's Anti-Money Laundering (AML) Strategy including a risk-based cash acceptance framework.
- Implement the second team in the Joint Illegal Gaming Investigation Team to support of the AML Strategy.
- Ensure that commercial and charitable gaming is delivered in a manner that encourages responsible gambling and informed choice.

Objective 3.3: Ensure government is open and transparent

The Ministry provides corporate leadership across government to modernize and transform government's information management legislation, policies, practices, operations and training. These efforts focus upon improving the capacity of public service employees to effectively manage government records, protect sensitive and personal information and provide timely and comprehensive responses to freedom of information (FOI) requests.

Strategies

- Provide timely and appropriate information to the public through FOI and proactive disclosures.
- Develop and implement service enhancements for freedom of information requests.
- Oversee the implementation of all recommendations made by former Information and Privacy Commissioner David Loukidelis, Q.C. on how best to implement the recommendations made by B.C.'s Information and Privacy Commissioner, Elizabeth Denham in her October 22, 2015, investigation report.
- Ensure that government information stewardship is supported by effective information management policies, practices and tools.
- Work with stakeholders across government to develop and implement enhanced privacy protection policies, procedures, training, compliance reviews and audits.

Performance Measure 8: Productivity Improvements in Processing Freedom of Information

Performance Measure	2015/16 Baseline	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Percent of Freedom of Information Requests Completed On-Time	74%	77%	79%	81%	83%

Data Source: AXIS System.

Discussion

This measure is of significant interest to clients and provides an indication of government and the ministry's annual performance in completing FOI requests within the due dates defined by legislation. The measure includes both personal requests (e.g. an individual's request for their own records) and general requests for non-personal information. The measure provides an outcome-based assessment of the FOI operation's overall performance and adherence to legislative timelines.

Resource Summary

Core Business Area	2016/17 Restated Estimates[1]	2017/18 Estimates[5]	2018/19 Plan	2019/20 Plan
Operating Expenses ($000)				
Treasury Board Staff	6,691	6,701	6,725	6,725
Office of the Comptroller General	18,605	18,726	18,823	18,823
Treasury	1	1	1	1
Revenue Division	82,925	89,762	90,350	90,378
Policy and Legislation				
Policy and Legislation	4,963	4,972	4,991	4,991
Financial Institutions Commission[2]	1	1,334	1,399	1,399
Office of the Superintendent of Real Estate[3]	0	1	1	1
Public Sector Employers' Council Secretariat	16,634	16,637	16,646	16,646
Corporate Information and Records Management Office	15,307	18,951	19,150	19,150
Internal Audit and Crown Governance	2,801	2,805	2,819	2,819
Board Resourcing and Development Office	449	451	453	453
Executive and Support Services	30,569	29,448	29,982	29,983
Gaming Policy and Enforcement	19,055	19,146	19,220	19,220
Insurance and Risk Management Account	4,178	4,180	4,199	4,199
Provincial Home Acquisition Wind Up special account	10	10	10	10
Housing Priority Initiatives special account[4]	0	88,200	316,873	323,076
Total	202,189	301,325	531,642	537,874
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Executive and Support Services	427	310	310	310
Total	427	310	310	310

Other Financing Transactions ($000)				
Reconstruction Loan Portfolio				
Receipts	(8,000)	(5,000)	(4,000)	(3,000)
Disbursements	75	50	40	30
Net Cash Disbursed/(Received)	(7,925)	(4,950)	(3,960)	(2,970)
Student Aid BC Loan Program				
Receipts	(115,000)	(115,000)	(115,000)	(115,000)
Disbursements	230,000	230,000	230,000	230,000
Net Cash Disbursed/(Received)	115,000	115,000	115,000	115,000
International Fuel Tax Agreement (*Motor Fuel Tax Act*)				
Receipts	(13,000)	(13,000)	(13,000)	(13,000)
Disbursements	2,650	3,000	3,000	3,000
Net Cash Disbursed/(Received)	(10,350)	(10,000)	(10,000)	(10,000)
Land Tax Deferment Act				
Receipts	(64,000)	(64,000)	(70,000)	(77,000)
Disbursements	132,000	132,000	145,000	195,000
Net Cash Disbursed/(Received)	68,000	68,000	75,000	118,000
Provincial Home Acquisition Wind Up special account				
Receipts	(5)	0	0	0
Net Cash Disbursed/(Received)	(5)	0	0	0

1. For comparative purposes, amounts shown for 2016/17 have been restated to be consistent with the presentation of the Budget 2017 Estimates.
2. The Financial Institutions Commission (FICOM) was approved for $1.4 million of funding in support of increased financial services sector oversight.
3. The Office of the Superintendent of Real Estate (OSRE) was established as a $1,000 vote under the Policy and Legislation sub-vote in the Ministry of Finance Operations vote to enhance governance and accountability of the provincially-regulated real estate industry.
4. This special account was established under *the Special Accounts Appropriation and Control Act* effective July 28, 2016, for the purposes of supporting housing, rental, and shelter programs as set out under the Act. Pursuant to the Act: expenses include acquisition, construction, maintenance, renovation, support payments, and administrative costs; revenue and recoveries include transfers, receipts, and interest allocated; receipts include repayment of loans issued and interest paid on those loans; and, disbursements include loans issued, support payments, and payments in respect of loan guarantees.
5. Further information on program funding and vote recoveries is available in the Estimates and Supplement to the Estimates.

Significant IT Projects

Significant IT Projects	Targeted Completion Date (Year)	Approved Anticipated Total Cost of Project ($ millions)
Revenue Transformation Initiative (RTI) **Objective:** Transform tax services across a broad range of tax programs; changing how government conducts business, delivers services and achieves key strategic outcomes. **Benefits:** Enhanced digital services to improve service quality and make it easier to do business with government; improved access to government information and data for better transparency and accountability; and, reduced costs, complexity and administrative burden. **Our Strategy:** Reduce costs, complexity and optimize revenue by consolidating programs on to the current strategic platform for tax administration. The plan is to roll out the initiative in multiple phases: • **Phase 1**: Logging Tax, Insurance Premium Tax, Mineral Tax, Mine Safety & Health Inspection Fee, and Non-Tax revenue programs • **Phase 2**: Property Transfer Tax, Rural Property Tax, Home Owner Grant and Provincially administered taxes • **Phase 3**: Oil and Gas Royalty • **LNG**: In January 2016, the scope of RTI was increased with the new LNG Income Taxation Program	2019	$45.816

Appendices

Appendix A: Ministry Contact Information and Links to Additional Information

Ministry Central Office

PO Box 9417 Stn Prov Govt
Victoria BC V8W 9V1
Phone: 250 387-3184

Minister's Office

Honourable Michael de Jong
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250 387-3751

Media Queries

Phone: 250 356-2821

Problem Gambling Help Line

For help in recognizing the warning signs of problem gambling and to get information on free programs, services and resources available to assist problem gamblers and their families:

Call 1 888 795-6111 or visit www.bcresponsiblegambling.ca (confidential, free service available 24 hours/7 days, in multiple languages)

Tax Questions

For questions about British Columbia's Provincial Sales Tax, Motor Fuel Tax, Tobacco Tax, Carbon Tax, Tax on Designated Property and Residential Energy Credit and Rebate program:

Toll-free anywhere in B.C. 1 877 388-4440 or email: CTBTaxQuestions@gov.bc.ca

Reports and Publications

For the Budget and Fiscal Plan, Estimates, Public Accounts, Quarterly Reports, Financial and Economic Review, and other reports and publications of the British Columbia Ministry of Finance, please visit: www.fin.gov.bc.ca/pubs.htm

For more information and other Ministry Service Plans and Annual Service Plan Reports, please visit: http://www.bcbudget.gov.bc.ca/default.htm

Listing of Ministry Legislation

http://www.bclaws.ca/civix/document/id/amr/amr/172897626

The Minister of Finance is also the Minister responsible for the following Crown corporations, Boards and Commissions:

Crown Corporations

- BC Securities Commission: www.bcsc.bc.ca/
- BC Lottery Corporation: www.bclc.com/
- Partnerships BC: www.partnershipsbc.ca/
- Real Estate Council of British Columbia: www.recbc.ca/

Boards and Commissions

- Financial Institutions Commission: www.fic.gov.bc.ca/
- Financial Services Tribunal: www.fst.gov.bc.ca/
- Insurance Council of British Columbia: www.insurancecouncilofbc.com/PublicWeb/
- Public Sector Employers' Council: www.fin.gov.bc.ca/psec/

B.C. Public Service Agency

Purpose of the Agency

The B.C. Public Service Agency provides human resource leadership, expertise, services and programs that contribute to better business performance of ministries and government as a whole.

Strategic Direction and Context

Strategic Direction

The B.C. Public Service is the largest corporate workforce in the province, serving all communities across British Columbia. From frontline workers to accountants and architects, researchers and analysts, information technology professionals and others, there is virtually no area of expertise unrepresented. Public servants provide a wide range of services to British Columbians such as health care, public safety, education, and environmental management, to name a few.

The B.C. Public Service Agency supports the work these public servants do by providing human resource services such as hiring, payroll, labour relations and learning. In doing so, it helps ensure the B.C. Public Service continues to have the right people to do that work.

This service plan includes the priorities and initiatives that were outlined in the Minister of Finance's Mandate Letter. Additionally, the ministry is supportive of and compliant with the Taxpayer Accountability Principles.

Strategic Context

The Canadian economy slowly continues to improve, with a brighter outlook for 2017 than experienced in 2016. Most regions are forecasting economic expansion over the next couple of years. In particular, British Columbia is expected to continue as one of the leading provinces for economic growth. As the economy improves, so does the possibility for a tightening of the labour market, where organizations can expect increased competition for skilled employees.

Changing demographics, such as an aging and increasingly diverse population, continue to influence employers in many ways. An aging workforce is contributing to rising benefits costs through factors such as higher benefit utilization, increased absenteeism and escalating health premiums. As benefits costs make up an increasing percentage of the total cost of employment, the B.C. Public Service is working to contain these costs through a proactive and preventative approach to supporting a healthy and productive workforce.

While global economic influences delayed the retirement of many baby boomers, the oldest of this cohort is now aged 70 and are exiting the workforce in growing numbers. This exodus is only expected to increase, and when combined with fewer entrants to the workforce and greater demand for

skilled workers, will bring about both labour and skill shortages. The increased competition will require organizations to put greater emphasis on recruitment and retention.

Statistics Canada predicts that by 2030, net population growth in Canada will be due to immigration, which will partially offset the effects of our aging population, but will not be enough to prevent the tightening of the labour market. At the same time, the expected growth in immigration indicates the Canadian public sector can expect increased diversity in both their workforce, as well as the citizens they serve.

Recognizing this changing dynamic, the B.C. Public Service Agency is responsible for ensuring the Public Service has the commitment, capacity and capability within its workforce to meet the needs of British Columbians now and in the future.

Goals, Objectives, Strategies and Performance Measures

Goal 1: A Public Service that attracts, enables, develops and retains a highly skilled and professional workforce.

Objective 1.1: Supports the B.C. Public Service to develop the commitment, capacity and capability in the workforce to meet business needs.

Objective 1.2: Support public service workplaces to be healthy, inclusive and productive.

Strategies

- Implement the new corporate plan *Where Ideas Work* with an emphasis on succession management, employee development, knowledge transfer, recruitment of new talent, and embedding innovation into our culture to address the expected increase in retirements and shortage of skilled labour.
- Build and implement a comprehensive succession management program focused on leadership development and succession priority operational roles to ensure essential talent pipelines are built and the depth of talent is improved across the B.C. Public Service.
- Implement a Health Strategy 2.0 that takes a proactive and preventative approach in supporting a healthy and productive workforce and avoiding B.C. Public Service benefit cost increases due to illness and disability.
- Seek opportunities to refine the delivery of human resource (HR) services to align with leading practices, reduce HR transactional costs, improve service quality and redirect funding to specialized services.

- Encourage the broader public sector to leverage the investment in the human resource, payroll and technology services platform to create economies of scale and enable reinvestment in workforce initiatives.
- Continue supporting implementation of the corporate diversity strategy, *Reflecting our Communities*, including a renewed focus on enhancing accessibility and engagement for people with disabilities.
- In partnership with the Ministry of Aboriginal Relations, develop a framework and support initiatives to build public service capacity in Aboriginal reconciliation.
- Keep investing in technologies to automate the capture and transfer of critical employee data to improve the efficiency and integrity of data management to support improved evidence based decision making and strategic workforce planning.

Performance Measure 1: Absences related to illness and injury days per Full Time Equivalent (FTE)

Performance Measure	2012/13 Baseline	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Absences related to illness and injury per FTE[1]	9 days	8.6 days	8.5 days	8.4 days	8.3 days

Data Source: B.C. Public Service Agency.

[1] For the purpose of this performance measure, absences refer to short term illness and non-occupational injuries.

Discussion

The B.C. Public Service recognizes that where employees are supported to optimize their health, better customer service to the public is provided. However, a workforce with changing demographics and the rising prevalence of chronic disease in the population in general are challenges faced not only by the B.C. Public Service, but by all employers in British Columbia.

This measure identifies the number of days lost due to illness and injury. The number of days lost over the last several years has stabilized and is expected to begin slowly declining as a result of ongoing health and safety programming. The B.C. Public Service is committed to an emphasis on earlier interventions and services which are expected to have long-term positive impacts on employee health outcomes. Over time this will result in continued lower leave absences due to illness and injury despite changes in workforce demographics.

The B.C. Public Service continues to compare favourably against the Canadian provincial public sector average of 9.8 days and the federal public sector at 11.9 days[1]. The difference reflects our ongoing focus on health promotion and prevention services, at-work supports for employees with illnesses or injuries, and timely rehabilitation and return to work for employees who are off work due to an illness or injury.

[1] Data Source: Statistics Canada

Performance Measure 2 and 3: Workforce utilization

Management of the BC Public Service	2015/16 Actual	2016/17 Forecast	2017/18 Plan	2018/19 Plan	2019/20 Plan
FTE Utilization in the Public Service	27,192	27,455	28,000	28,100	28,100
Auxiliaries as a percentage of the workforce	7.6%	6%	6%	6%	6%

Data Source: B.C. Public Service Agency

Discussion

Full-time equivalent staff utilization is projected to increase from 27,455 FTEs in 2016/17 to 28,000 in 2017/18 based on the need to increase various front line service positions across a few ministries including additional social workers, records management, financial and real estate oversight staff, park rangers, and employees for other environmental management, compliance and enforcement activities. There has also been some investment in corporate IT projects requiring some additional staff. Going forward, FTE utilization is projected to stabilize at around 28,100 in 2018/19.

The hiring of auxiliaries is intended to fill short-term business needs, either for an interim, cyclical or seasonal basis. Monitoring the proportion of auxiliaries in the workforce helps to ensure hiring levels support B.C. Public Service FTE utilization targets by maintaining an optimal balance between the permanent and temporary components of our workforce.

Resource Summary

Core Business Area	2016/17 Restated Estimates[1]	2017/18 Estimates[2]	2018/19 Plan	2019/20 Plan
Operating Expenses ($000)				
B.C. Public Service Agency	50,861	51,019	51,245	51,245
Benefits	1	1	1	1
Long Term Disability Fund special account	0	22,111	23,943	23,943
Total	**50,862**	**73,131**	**75,189**	**75,189**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
B.C. Public Service Agency	10	10	10	10
Total	**10**	**10**	**10**	**10**

1. For comparative purposes, amounts shown for 2016/17 have been restated to be consistent with the presentation of the 2017/18 Estimates.
2. Further information on program funding and vote recoveries is available in the Estimates and Supplement to the Estimates.

Appendices

B.C. Public Service Agency Contact Information

Public Service Agency
810 Blanshard Street
V8W 2H2
PO BOX 9404 Stn Prov Gov't
V8W 9V1
Victoria B.C.

Phone: 250 952-6296

For more information on the B.C. Public Service Agency, please visit our website at:
http://www.bcpublicserviceagency.gov.bc.ca/

Legislation Administered by the Agency

Public Service Act
Public Service Benefit Plan Act
Public Service Labour Relations Act

The Public Sector Employers' Council and Employer Associations

Purpose

Public Sector Employers' Council Secretariat

The Public Sector Employers' Council Secretariat (PSEC) supports government in providing strategic direction in human resource management and labour relations, including the administration, development and implementation of labour relations policies for the broader provincial public sector. PSEC also supports the Minister of Finance in directing employers to create compensation plans for excluded and executive employees. PSEC represents government in its role as a partner in four pension plans[2], working with other partners to ensure plan sustainability, monitor risk exposure and provide policy advice to both government and public sector employers. PSEC's authority is contained in the *Public Sector Employers Act* and its authority related to pension plans is based on the *Public Sector Pension Plans Act* and joint trust agreements.

Employers' Associations

The mandates and purposes of employers' associations include coordinating compensation, benefit administration, bargaining and labour relations within their respective sectors, as outlined in sections 6 and 7 of the *Public Sector Employers Act*. There are six public sector employers' associations:

- British Columbia Public School Employers' Association (BCPSEA)
- Community Social Services Employers' Association (CSSEA)
- Crown Corporations Employers' Association (CCEA)
- Health Employers Association of British Columbia (HEABC)
- Post-Secondary Employers' Association (PSEA)
- University Public Sector Employers' Association (UPSEA)

BCPSEA, CSSEA, HEABC, and PSEA serve as the accredited employer bargaining agents for their respective sectors and their funding is provided by PSEC. CCEA and UPSEA play a coordination and information-sharing role but do not serve as bargaining agents for their member employers.

[2] The four pension plans contained in the act are: College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, and Teachers' Pension Plan. For more information see PensionsBC.ca

Strategic Direction

Public Sector Employers' Council Secretariat

Current PSEC strategies include:

- Developing and maintaining bargaining and compensation frameworks that incorporate government's fiscal and policy directions.
- Providing clear guidance and advice to public sector employers to ensure alignment with government objectives.
- Improving the quality and reliability of data to support negotiations and management of excluded and executive compensation.
- Building capacity in government with respect to strategic labour relations advice and pensions expertise.
- Working with plan partners to accomplish the objectives of the Public Sector Pensions Framework.

Resource Summary

Employer Associations Expenditures[3]

Core Business Area	2016/17 Forecast	2017/18 Estimates	2018/19 Plan	2019/20 Plan
Operating Expenses ($000)[4]				
Employer Associations	35,408	35,256	33,526	33,386

Contact Information

PO Box 9400 Stn Prov Govt
Victoria, BC V8V 9V1
Suite 210, 880 Douglas Street

Phone: 250 387-0842
www.fin.gov.bc.ca/psec

[3] See Ministry Resource Summary table on page 15 for PSEC expenditures.
[4] Expenditures are total forecast expenditure of employer associations included in the government reporting entity and are funded through transfers from government, membership dues, and other sources.